

Message Text

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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 3836

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E. O. 11652: N/ A

TAGS: PFOR, MY

SUBJECT: FY 74 PARA

REF: STATE 44892

1. CLEARINGHOUSE PROPOSAL IN EMBASSY' S PARA RELATED TO VOLUMINOUS EXCHANGES IN PAST ON REIMBURSABLE TECHNICAL ASSISTANCE. N. E. G., AID TO UNN OF 9-20-72 AND KUALA LUMPUR A-140 OF 7-21-72. MARGOLIES VISIT TO KL PER STATE 207377 RECONFIRMED OUR BELIEF OF MALAYSIAN DESIRE FOR MORE US TECHNICAL EXPERTISE IN SEVERAL FIELDS. PROPOSAL TO ESTABLISH CLEARINGHOUSE WAS INTENDED TO PROVIDE THE NECESSARY LINK BETWEEN MALAYSIAN REQUIREMENTS FOR TECHNICAL ASSISTANCE AND US RESOURCES. CLEARINGHOUSE WOULD BE ECONOMICALLY FEASIBLE IF USERS OTHER THAN MALAYSIA WERE INVOLVED AND ADMINISTRATIVE COSTS SPREAD OVER SEVERAL COUNTRIES.

2. USG FINANCIAL SUPPORT FOR THIS TECHNOLOGICAL PROGRAM SHOULD BE LIMITED TO SUBSIDY NECESSARY TO TOPPING OFF COST OF US PERSONNEL RELATIVE TO COST OF PERSONNEL OF OTHER COUNTRIES. AS MOST RECENT DEVALUATION ELIMINATES NEED FOR MOST, IF NOT ALL, OF SUBSIDY UNDER THIS CRITERIA, TOTAL SUBSIDY COST TO USG WOULD BE MINIMAL. RELATED TO NUMBER OF US TECHNICAL EXPERTS INVOLVED, WHICH WE WOULD ESTIMATE FOR MALAYSIA INITIALLY AT 5-6 MAN YEARS PER YEAR, OUR ESTIMATE OF COST WOULD BE ZERO TO \$10-15,000. ADMINISTRATIVE COSTS WOULD BE HIGHER-- BUT WE SEE NEED FOR ONLY SMALL OFFICE IN US, I. E., 1-2 MEN PLUS SECRETARY, FOR PROGRAM IN ASIA, AND NO SPECIAL REQUIREMENT FOR FIELD REPRESENTATION.

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3. LEST THE POINT GET LOST, A MAJOR FACTOR IN EMBASSY' S INTEREST IN CLEARINGHOUSE IS POTENTIAL US COMMERCIAL GAIN. FOR EXAMPLE, ONE REASON WHY US SALES OF POWER GENERATING EQUIPMENT ARE SO LOW IN MALAYSIA IS ABSENCE IN PAST OF US TECHNOLOGICAL EXPERTISE IN POWER DEVELOPMENT. AND UNLESS US- MALAYSIA EXCHANGES IN NUCLEAR ENERGY ARE ENERVATED, MALAYSIA MAY GO NUCLEAR WITH SOMEBODY ELSE' S PLANT. OTHER AREAS IN WHICH US COMMERCIAL BENEFITS WOULD RESULT FROM TECHNICAL EXPERT CLEARINGHOUSE ARE PETROLEUM, MEDICINE, CHEMISTRY, TELECOMMUNICATIONS, URBAN PLANNING AND TRANSPORTATION.

4. OUR CLEARINGHOUSE PROPOSAL IN PARA CALLED FOR OFFICIAL USG SUPPORT BUT WAS NOT EXPLICIT REGARDING ACTUAL OPERATION. IN FACT, NON- USG OPERATION MAY BE MORE FEASIBLE. SINCE SUBMITTING PARA EMBASSY HAS DISCUSSED CLEARINGHOUSE PROPOSAL WITH VISITING ASIA FOUNDATION REPS. AS AF APPEARS INTERESTED, PARA SHOULD REFLECT THIS POSSIBILITY, WHICH WE WOULD RECOMMEND OVER AN OFFICIAL AGENCY RUN DIRECTLY BY USG.
LYDMAN

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